

# OMB Declassification & Release Instructions on File - No Referral to OMB

BUREAU OF THE BUDGET

## MEMORANDUM

# OMB Declassification & Release Instruction on File - No Referral to OMB

TO : Mr. C. Spencer Platt

May 13, 1952

FROM : R. D. Severy

SUBJECT: A program for improvement of overseas personnel management

The Overseas Pay and Personnel Practices Report, prepared jointly by the Bureau of the Budget and the Civil Service Commission and submitted to congressional committees on April 1, 1952, is, in effect, a catalog of existing practices. In establishing its scope and boundaries, it was determined that limitations of time and facilities would not permit of thorough appraisals of the soundness of policies or of the effectiveness of practices.

The information available in the individual reports from the agencies gives important clues as to changes and refinements which should be made in overseas personnel management. These reports together with the summary report to the Congress provide a basis for additional investigation which can result in concrete recommendations for administrative and legislative improvement.

The letter transmitting the report enumerates seven areas in which remedial action is needed. In addition, summaries concluding each section of the report point up in greater detail problems which require administrative and legislative solution. Appendix A to this memorandum contains a listing of points made in the transmittal letter and in the summaries.

The twenty subdivisions of personnel management dealt with in the report can be grouped into four major divisions for the purposes of achieving ease in considering closely related subjects and establishing a priority sequence within a program of improvement. Although there are relationships across divisional lines, it is believed they are not as strong as those which bind the subjects into the major groupings. The four divisions and their component subjects are:

### I. Overseas Personnel Management

- A. Organization and Administration (Chapt. IV, Sec. A)
- B. Processing and Record Keeping ( " " B)

### II. Compensation

- A. Base Pay (Chapt. III, Sec. H)
- B. Premium Pay ( " " I)
- C. Allowances and Differentials ( " " J)
- D. Termination Benefits ( " " K)
- E. Retirement and Injury Compensation ( " " M)
- F. Leave ( " " N)
- G. ~~Appointed Service~~ ( " " R)

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### III. Employee Status

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|--|----------------------|
| A. Recruitment                               | (Chapt. III, Sec. A) |
| B. Examination, Selection<br>and Appointment | ( " " B)             |
| C. Placement and Transfer                    | ( " " C)             |

### IV. Employee In-Service Management

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|---|----------------------|
| A. Promotions   | (Chapt. III, Sec. D) |
| B. Separation   | ( " " E)             |
| C. Performance Evaluation                                   | ( " " F)             |
| D. Training   | ( " " G)             |
| E. Standards of Conduct and<br>Personal Activities Overseas | ( " " O)             |
| F. Grievances   | ( " " P)             |
| G. Incentive Awards   | ( " " L)             |
| H. Labor Relations  | ( " " Q)             |

The four groups have been arranged in the order I believe is representative of their relative importance in establishing a priority of treatment.

The lack of central leadership in dealing with overseas personnel problems is the single complaint found in practically every section of our report. We reported to the Congress: "No general coordinating machinery exists to bring these various (regulatory) agencies together on problems of overseas personnel management." The Brookings Institution Report, "Administration of Foreign Affairs and Overseas Operations," states this conclusion: "The successful establishment of a new foreign affairs personnel system depends upon a clear and unequivocal fixing of responsibility for administrative leadership during the initial period." Although, as we pointed out, there is a need for continuing leadership, we are now faced with the greater need for the interim leadership, spelled out by Brookings, if an improvement program is to be developed. Where this leadership should be located within the Executive Branch and of what it should consist are problems for solution, preferably at this time.

The broad area of compensation, including the seven subdivisions enumerated above, seems to me to be the next in the order of urgency. Allowances, retirement, and leave are subjects on which the Bureau has received many legislative proposals. Conflicting policies and practices relating to base pay determination are the sources of many of the overseas personnel difficulties.

The unsatisfactory status in the Federal career system of the overseas employee is the primary subject of concern pointed up in the letter transmitting the overseas report. It is not given a higher priority in this listing, within an improvement program, on two counts. The transfer of positions from Schedule "A" to the competitive civil service is a matter which the Commission

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and agencies can accomplish administratively, except for those placed by law in the Foreign Service. It is our understanding that the Commission in its letter transmitting copies of the overseas report to participating agencies will state that it is taking steps to effectuate this transfer. Amalgamation of the Foreign and Departmental Services of the State Department and the possible creation of a foreign affairs service as recommended by the Hoover Commission, "Rowe Committee" and Brookings Institution, thus improving the status of Foreign Service employees is, in my estimation, a very long, slow process -- certainly not a priority item.

The eight subjects included in the major division "Employee In-service Management" are of the lowest priority. They are more nearly tied in with their counterparts in the domestic civil service and are, for the most part, no further in arrears.

In conclusion, I recommend that a program for the improvement of Federal overseas personnel management be developed which would fix responsibility for administrative leadership and establish interagency machinery for:

- (1) further study<sup>1/</sup> of problems, and
- (2) development of administrative and legislative proposals.

<sup>1/</sup> See Appendix B to this memorandum for a project outline illustrating the approach which interim leadership might follow in considering the "compensation" division of an overseas personnel improvement program.